

Please substitute for original

RESOLUTION NO. 2022-14

BY:

Baker, Bullock, Kepple, Litten,
Rader, Shachner

A RESOLUTION to take effect immediately provided it receives the affirmative vote of at least two thirds of the members of Council, or otherwise to take effect and be in force after the earliest period allowed by law, authorizing the negotiation of an agreement by and between the City of Lakewood, Ohio, a municipal corporation and political subdivision in and of the State of Ohio (the "City") and CASTO and North Pointe Realty, related to the development of City-owned property at the southeast corner of Detroit Avenue and Belle Avenue.

WHEREAS, after an extensive period of due diligence and public input, the City has engaged in a process for identifying an appropriate developer and development plan for the City-owned property at the southeast corner of Detroit Avenue and Belle Avenue, known as the former Lakewood Hospital site, and following that process has identified CASTO as the most appropriate partner for such development; and

WHEREAS, the City administration and CASTO have arrived at a shared vision to invest in the development of the Lakewood Hospital site, in a way that is beneficial to the citizens of Lakewood, including by providing a mix of office, retail and residential space, structured parking, and a multi-functional outdoor public space; and

WHEREAS, pursuant to the Constitution of the State of Ohio, the Ohio Revised Code and the Third Amended Charter of the City of Lakewood, municipalities have the power to enact laws that are for the health, safety, welfare, comfort and peace of the citizens of the municipality, and to provide for local self-government; and

WHEREAS, as set forth in Section 2.12 of the Third Amended Charter of the City of Lakewood, this Council by a vote of at least two thirds of its members determines that this resolution is an emergency measure and that it shall take effect immediately, and that it is necessary for the immediate preservation of the public property, health, and safety and to provide for the usual daily operation of municipal departments, in that negotiation of a development agreement will assist in returning this property to a viable use; now, therefore

BE IT RESOLVED BY THE CITY OF LAKEWOOD, OHIO:

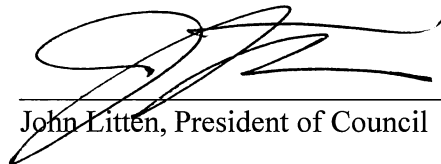
Section 1. The City authorizes the negotiation of a development agreement with CASTO for the development of the City-owned property at the southeast corner of Detroit Avenue and Belle Avenue, known as the former Lakewood Hospital site, based on the fully executed Term Sheet attached hereto as Exhibit 1 ("Term Sheet").


Section 2. The negotiated development agreement shall be subject to the final approval of Council.

Section 3. It is found and determined that all formal actions of this Council concerning and relating to the passage of this Resolution were adopted in an open meeting of this Council, and that all such deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements.

Section 4. This resolution is hereby declared to be an emergency measure necessary for the immediate preservation of the public peace, property, health, safety and welfare in the City and for the usual daily operation of the City for the reasons set forth and defined in the preamble to this resolution, and provided it receives the affirmative vote of at least two thirds of its members of Council this resolution shall take effect and be in force immediately, or otherwise shall take effect and be in force after the earliest period allowed by law.

Adopted 5/2/2022


John Litten, President of Council


Maureen M. Bach, Clerk of Council

Approved 5/4/22

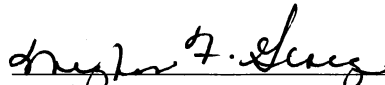

Meghan F. George, Mayor

EXHIBIT 1

Term Sheet

(See following pages)



MEGHAN F. GEORGE
MAYOR

12650 DETROIT AVENUE • 44107 • 216-521-7580

March 23, 2022

CASTO / North Pointe Realty
Brent Sobzak
President
250 South Civic Center Drive, No. 500
Columbus, Ohio 43215

RE: Term Sheet for Lakewood Downtown Development

Dear Mr. Sobzak:

The City of Lakewood ("City") is excited to partner with CASTO and North Pointe Realty (collectively, "Developer") on the redevelopment of the former hospital site in Downtown Lakewood. As an Ohio-based developer, CASTO has successfully built complex, high quality urban projects around the country and consistently ranks nationally as one of the best residential and commercial real estate developers and property management companies. Locally, North Pointe Realty is an outstanding full-service commercial real estate development, property management, leasing, and brokerage firm with offices in Mayfield Heights, Lakewood and Akron. North Pointe Realty has long-standing local relationships with the Lakewood business community and brings office building expertise from the development of more than 40 projects throughout Northeast Ohio. This is a tremendous partnership bringing the necessary talent and experience to reposition this important property as a high quality, mixed use development anchoring our Downtown.

To this end, the City and Developer have agreed to the general terms and conditions of the redevelopment of the site ("Project") currently identified as 14501 and 14519 Detroit Avenue (parcels 314-07-007, 314-07-008, 314-07-014, and 314-07-017) ("Property"). While this general agreement represents a significant step in the redevelopment process, there is still much work to be done to refine these generalities into a detailed development plan and agreement.

This Term Sheet establishes the general terms and conditions of a potential transaction between the City and Developer for the proposed Project that will be further defined by a Development Agreement and is based upon, but not limited to, and subject to the following conditions:

1. Approval by Lakewood City Council;
2. The general terms and conditions contained herein;
3. Documentation satisfactory to the City;
4. Confirmation by the City that the Developer has sufficient financing for the Project; and

www.lakewoodoh.gov



5. Provision of any and all additional information reasonably requested by the City.

This Term Sheet will expire at the City's option if:

1. The Term Sheet has not been reviewed, signed, and returned to the City by Developer within thirty (30) calendar days of the date of this Term Sheet;
2. There occurs any material adverse change in the financial condition or affairs of Developer from that currently represented to the City such that in the reasonable determination of the City, Developer will be unable to complete the Project as contemplated by this Term Sheet;
3. A Preliminary and Final Planned Development Plan for the Property is not approved within twelve (12) months from the date of this Term Sheet; or
4. A Development Agreement is not executed within twelve (12) months from the date of this Term Sheet.

General Terms & Conditions

1. Project Description.

The Project will consist of a multi-story mixed use development located on approximately 5.7 acres of City-owned real property bounded by Detroit Avenue, Belle Avenue and Marlowe Avenue in the City of Lakewood, as generally depicted on the site plan attached hereto as **Exhibit A**. Developer submitted the Project as part of the Request for Qualifications ("RFQ") issued by the City on February 6, 2017, and as presented in response to the Request for Proposals ("RFP") issued by the City on May 8, 2017.

Generally, the Project will include a mix of office, retail, restaurant, commercial and residential space; structured parking; a multi-functional year-round outdoor community space; and adaptive re-use and efforts to preserve of the historic façade of the Curtis Block building.

The Project will demonstrate high quality design and architecture; it will include a balanced and thoughtful mix of uses, will engage and have a strong street and public space presence including significant outdoor spaces, incorporate economically feasible sustainable development practices, create a first class multi-functional outdoor community gathering space, and be supported by the Community Vision, the Development Objectives, and the Architectural Design Guidelines and Standards (copies of which are available at <http://www.lakewoodoh.gov/downtowndevelopment/>).

2. Project Requirements.

- a. **Office and Retail Development Requirements.** The Project will include a mix of office ("Office Component"), retail, restaurant, and other commercial ("Retail Component") users. Except as otherwise provided in this Term Sheet, the Project will target a minimum of 85,000 square feet, combined, of office, retail, restaurant, and commercial space (the "Minimum Combined Commercial Development"), consisting of approximately 60,000 square feet of office space and 25,000 square feet of retail, restaurant, and commercial

space, exclusive of any outdoor space dedicated to such private use, provided that such mix of uses shall be subject to change to reflect market conditions.

- i. The City and Developer acknowledge that a hotel use is desirable for the Project, however both parties agree that the current market and demands by potential hotel operators are not financially feasible or appropriate at this time. Nothing in this Term Sheet shall preclude the future inclusion of a hotel use in the Project provided that the hotel use does not replace or reduce anticipated office space but will count toward satisfaction of the Minimum Combined Commercial Development.
 - ii. Prior to execution of the Development Agreement to be negotiated by the parties, Developer will submit a summary of anticipated retail tenant categories for the City's review, which tenant mix will be generally consistent with the product mix concept submitted by Developer in response to the RFP.
 - iii. Developer acknowledges the importance to the Project of including local, independent, and unique businesses in the tenant mix. Developer will use commercially reasonable efforts to cause at least 25% of the gross retail and restaurant leasable area during the initial lease-up of the Project to be local, regional, or state businesses.
- b. **Residential Development Requirements.** The Project will target a minimum of 200 residential units (the "Residential Component"). The residential units will be:
- i. Reflective of current and anticipated market conditions and include a mix of unit types, sizes, and number of bedrooms;
 - ii. Respectful of and sensitive to the scale and character of the surrounding single family neighbors; and
 - iii. Responsive to the changing dynamics of housing demand and availability within the City of Lakewood.
 - iv. Developer will target as many "for sale" units as commercially reasonable and require owner-occupancy by deed restriction or other acceptable measure approved by the City for a period of 30 years. For sale properties will be identified prior to the establishment of any tax increment financing with respect to the Project, as described below.
- c. **Preservation of Curtis Block.** The exterior of the Curtis Block building has been designated as historic pursuant to Chapter 1134 of the City's Zoning Code. Preservation of the Curtis Block building is an objective of the City and Developer for the Project. The City has shared with Developer various reports and studies outlining the condition of the Curtis Block and Developer has visually inspected the building. Based on these reports, studies, and inspection, Developer is analyzing various opportunities for adaptive re-use and preservation of the historic façade of the Curtis Block building. Developer will regularly consult with City regarding the outcomes of this analysis and will share with City any technical reports, financial analyses, or other reviews conducted regarding the

feasibility of preservation, as well as such information as the City shall reasonably request regarding the economic impact of preservation on the Developer's ability to undertake the Project.

While preservation of the Curtis Block is a Project objective, both the City and Developer acknowledge that alternatives to preservation should be contemplated during the Preliminary and Final Planned Development Plan approval process to allow for a comprehensive assessment of options for the building in the event that preservation is determined to be impractical or impossible. Currently, the facade preservation of the Curtis Block is estimated to cost \$2,000,000. Any alternative analysis to preservation must consider how this investment can be redirected and utilized to enhance a replacement building and achieve other objectives of the Project. The Developer and the City may mutually agree upon an alternative to preservation to be agreed upon in the Development Agreement.

Developer acknowledges the local historic designation of the building requires a Certificate of Appropriateness to be approved for any exterior alterations of the historic exterior. In the event an alternative to preservation is not agreed to, Developer shall:

- i. Obtain approval of a Certificate of Appropriateness for the exterior of the Curtis Block building from the Architectural Board of Review ("ABR") which confirms that proposed design plans for the building are in accordance with Chapter 1134;
- ii. Retain the building's key historic architectural exterior features, and implement measures to preserve the existing exterior form, integrity and materials of the building if economically feasible. Developer, in conjunction with the City, will work with Lakewood Historical Society to salvage items not contributing to the exterior and not being repurposed elsewhere on the Project;
- iii. Provide appropriate insurance; and
- iv. As part of the first phase of construction, structurally stabilize and make watertight the Curtis Block building.

Any alternative to preservation scenario will be subject to approval by the ABR. In either a preservation or alternative to preservation scenario, the Developer will use commercially reasonable effort and receive input from the City with respect to the highest and best use of the Curtis Block, including considering tenant and use options that support community initiatives, entrepreneurship, organizations, goals and/or programs.

d. **Community Space/Improvements.**

- i. Community Space. The Project shall include a community-oriented shared space (the "Community Space") that will be improved in a first-class manner with quality materials with the objective of being a programmed, year-round, first-class, multi-functional community gathering and event space. The Community Space shall be of a size approved by the City of approximately 20,000 square feet and appropriate to fulfill the stated objective and shall have substantial frontage on Detroit Avenue.

Ownership, maintenance, and use of the Community Space will be the responsibility of Developer, or other authority as is defined below, if mutually agreed by Developer and the City, with the City enjoying certain rights for access, use, programming and other rights which will be fully described in the Development Agreement. The City will provide appropriate and adequate insurance coverage for City events held within the Community Space which shall name Developer (and property owner, if different from Developer) as an insured and to be further detailed in the Development Agreement.

- (A) Developer shall annually reserve sufficient funds in its operating budget solely for maintenance of and capital repairs to the Community Space and shall annually provide the City a copy of such budget and evidence of the amounts in the reserve fund.
- (B) Developer and the City will discuss the formation and operation of a New Community Authority (“NCA”); declaration of covenants and/ or Special Improvement District (“SID”) to perform one or more of the ownership, maintenance or use functions of the Community Space.
- (C) The Community Space must be designed to the plans and specifications of the City and be approved through the required ABR and Planning Commission process.

ii. Public Art. Public Art is important to the quality of life of the City. Developer will work with the City to identify and implement or financially support opportunities for public art, including but not limited to murals, lighting, sculptures, seasonal or annual temporary installations, and other displays as approved by the City.

iii. Required Public Improvements.

- (A) Developer shall be responsible for the construction of the Community Space, sidewalk replacement and streetscape improvements along Detroit, Marlowe, and Belle Avenues, including the purchase and installation of a transit waiting environment on Detroit Avenue for the Greater Cleveland Regional Transit Authority (GCRTA), should a stop be desired by the GCRTA along the frontage of the Property. Developer also shall be responsible for the construction of new public and private streets and alleys internal to the Property. Developer and the City will discuss the use of funds from a tax increment financing district, SID, and/or new community authority to provide reimbursements of public improvement costs to Developer for those improvements which are contemplated in this paragraph and throughout this subsection (iii).
- (B) The City has disclosed, and Developer acknowledges, that there is a buried storm sewer traversing the southwestern portion of the Property. Developer understands it may be necessary to relocate said storm sewer because of the Project or to incorporate the storm sewer drainage into the Project’s infrastructure, if not already complete, all of which will be included in the Property Improvement MOU (as hereinafter defined).
- (C) Developer will explore opportunities to bury utilities along Detroit Avenue and implement such measures if economically feasible.

- (D) Private Avenues and Access Drives shall be constructed to Lakewood's City Standards unless otherwise approved by the City and Developer shall be responsible for any and all maintenance thereof.
- e. **Historical Significance.** The City and Developer acknowledge the historical significance of the Property to the Lakewood community. To the extent possible and practical through the design process, Developer shall make an effort to honor such history and incorporate it into the design and/or programming of the Project.
- f. **Traffic Requirements.**
 - i. Unless otherwise approved by the City, all public streets must remain open during the construction of the Project. Developer shall use commercially reasonable efforts to keep all public streets reasonably free of dirt and debris during construction consistent with Projects of this type.
 - ii. Developer and its contractor shall provide a construction traffic plan to the City for approval. Such plan shall be sensitive to the existing residences on Marlowe and Belle Avenues and limit obstruction of daily use and connectivity to the existing street network.
 - iii. A traffic impact study is required to be completed as part of the Planned Development zoning process. Such traffic impact study shall be completed in accordance with standards of the City and State of Ohio Department of Transportation.
- g. **Parking Requirements.**
 - i. On site, adjacent, and proximate parking is critical to the success of the Project. Parking requirements for the Project will be determined primarily by the final Project size and occupant mix and will be satisfied through:
 - (A) On-site structured parking owned by Developer or another entity approved by the City;
 - (B) Existing public parking/ shared parking proximate to the Project; and
 - (C) Comprehensive wayfinding signage program.
 - ii. Developer has been advised that the City has certain parking obligations related to the Project under Section 2.2(b) and (c) of that certain Master Agreement among the City, Lakewood Hospital Association and the Cleveland Clinic Foundation, dated December 21, 2015, including but not limited to the provision of [75] spaces for use of the Clinic under certain terms and conditions specified therein. The City will continue to explore a mutually acceptable alternative approach to satisfying these obligations prior to execution of the Development Agreement, including but not limited to availability of designated spaces within the structured parking included within the Project. A complete and accurate copy of the Master Agreement shall be provided to Developer for its review while the Development Agreement is being negotiated.

- iii. A portion of the parking spaces within the Project shall be made available for use by the public 24 hours a day, seven days a week on terms similar to other municipal parking (e.g. first 15 minutes are free). For the avoidance of doubt, the “public” spaces shall be available to all downtown visitors and shall not be limited to patrons of the Project.
- iv. Developer or the owner/operator of the structured parking shall annually reserve sufficient funds in its operating budget for maintenance of and capital repairs to the structured parking and shall annually provide the City a copy of such budget and evidence of the amounts in the reserve fund.
- v. A parking study is required to be completed as part of the Planned Development zoning process. Such parking study shall be completed in accordance with standards of the City.

3. Property Conveyance.

- a. **Due Diligence Period.** Developer will have a period of three (3) months following the execution of the Development Agreement during which to complete its due diligence review of the Property (the “Due Diligence Period”). This period may be extended for an additional period up to three (3) months, provided Developer is working in good faith to determine the feasibility of the Project. At Developer’s sole cost and expense, Developer may conduct any inspections of the Property the Developer deems necessary or desirable to confirm the feasibility of the Project and the condition of the Property, including, without limitation, physical inspections, environmental inspections, tests and surveys, soil borings, geotechnical testing, surveys and title searches. In addition, Developer is open and encouraged by the City to commence its due diligence investigations of the Property during the time when the Development Agreement is being drafted and negotiated, subject to an access agreement between Developer and the City which provides Developer with the right to enter the Property to undertake testing and studies and provides the City with an indemnification for any resulting damages, losses, or claims, in addition to other customary provisions. Developer will provide the City with copies of any such inspections and reports, regardless of whether Developer elects to proceed with the acquisition of the Property. Prior to the expiration of the Due Diligence Period, Developer may elect to terminate the Development Agreement in writing, for any reason, and upon such termination, Developer will have no further rights or obligations under the Development Agreement except for provisions of the Development Agreement that expressly survive termination. Developer and City and their respective consultants shall cooperate and share results of investigations and diligence.
- b. **Conditions to Closing.**
 - i. Upon satisfaction of the conditions to conveyance to be identified in the Development Agreement, the City will convey fee title to the Property to Developer via limited warranty deed. The City will convey the Property to Developer for a price to be negotiated (the “Purchase Price”) in consideration of the following:

- (A) Developer's commitment to construct the Project in a first-class manner and in accordance with the Development Objectives, including the Community Space and other components described in this letter;
 - (B) Inclusion of sustainability features, as more particularly described elsewhere; and
 - (C) The other economic benefits that are anticipated to be realized by the construction of the Project, and as part of the City's investment in the Project.
- ii. Conveyance of the Property to Developer shall be subject to Developer demonstrating to the City's reasonable satisfaction that it has satisfied the following conditions:
 - (A) Simultaneous closing for commercial loans to finance one or more portions of the construction of the Community Space, the office, retail/commercial components of the Project, and the parking garage, and executed commitment letters from one or more lenders sufficient for financing the balance of such components, together with confirmation from such lender(s) that they are prepared to close such financings within sixty (60) days;
 - (B) Developer and the City have commenced negotiating a mutually acceptable operations and maintenance plan for the Community Space;
 - (C) Developer, with assistance and support from the City, has obtained the necessary rezoning and any required lot splits or consolidations contemplated below;
 - (D) Architectural Board of Review and the Planning Commission have approved the plans and specifications for the Project as contemplated by below;
 - (E) Developer to provide evidence of executed purchase contract or similar instrument satisfactory to the City regarding acquisition of first floor lobby and floors 2-4 by Class A office user upon completion; and
 - (F) Such other customary closing conditions to be more particularly described in the Development Agreement.
- iii. If the foregoing conditions to transfer of the Property are not satisfied within four (4) months after the expiration of the Due Diligence Period, the City shall have the option of terminating the Development Agreement, and upon such termination, the parties will have no further rights or obligations under the Development Agreement except for provisions of the Development Agreement that expressly survive termination. The City and Developer will work in good faith to extend such period so long as the Developer has demonstrated diligence and progress in pursuing satisfaction of any remaining conditions as agreed upon by the City.

4. Design and Construction Guidelines.

- a. The Project will be designed in accordance with the Zoning Code, adopted Architectural Design Guidelines and Standards, and the Development Objectives. In addition, the

Project will be constructed of high-quality materials in accordance with the plans and specifications approved by the ABR and the Planning Commission. “High quality material” shall mean durable and authentic materials containing thoughtful detailing.

- b. The Project will reflect a “four-sided” design that is aesthetically and contextually appropriate from all building elevations as approved by ABR. The Project will seamlessly integrate with the design, massing and materials of existing commercial buildings in Lakewood. In particular, Developer will work with the City to arrive at a mutually acceptable and appropriate transitioning of the massing of building(s) to integrate with the existing houses located on Belle Avenue and Marlowe Avenue, as approved by ABR and the Planning Commission.
 - c. The Project will promote pedestrian and vehicular connections with the existing neighborhood.
 - d. In addition to the formal approvals described below, Developer will coordinate with the City on all aspects of the Project, including, in particular, on the design of the Community Space. Developer will prepare and submit to the City for approval its plans for the exterior configuration, appearance, orientation, and permitted uses of the Project. The City will cooperate with Developer in obtaining all such approvals and shall be a co-applicant on all applications that are required to be reviewed and approved in public meetings.
 - i. Rezoning/Lot Split and Consolidation. In connection with the Project, the Property will need a new Preliminary and Final Planned Development Plan approved, as more particularly described in Chapter 1156 of the Lakewood Zoning Code. The parties will work together to commence the rezoning process as soon as possible following or concurrent with City Council acceptance of the term sheet. Developer shall engage a surveyor to undertake a lot consolidation and any lot splits required for the development of the Project.
 - ii. ABR and Planning Commission Approvals. The plans and specifications for the Project will be subject to review and approval by the ABR and the Planning Commission. Any material deviation from the final approved plans will be subject to City approval. These approvals are required to be complete prior to the transfer of the Property.
5. **Sustainability.** In addition to meeting the Development Objectives relating to sustainability, Developer in good faith will explore design and certification options for the Project that prioritize renewable energy, energy efficiency, reduced carbon footprint, alternative transportation and green infrastructure, which may include, to the extent economically feasible, the following elements:
- a. On-site renewable energy (examples may include installation of solar panels and/or geothermal);
 - b. A car and/or bicycle share program, ample bicycle facilities, including dedicated, secure storage areas, and electric vehicle charging stations, or other alternative transportation options;

- c. Stormwater quality improvements that implement best practice strategies above and beyond the minimum requirements established by local and State regulations;
 - d. Energy and water efficiency technologies within the building systems that support reduced energy and water consumption; and
 - e. In accordance with the City's tree canopy goals, enhance / increase the tree canopy of the site from the previous condition that existed prior to demolition.
6. **Timing Requirements.** Developer shall provide a construction schedule as soon as reasonably feasible.
- b. Developer anticipates commencing construction of the Project as soon as feasibly possible and no later than three (3) months after its acceptance of a deed for the Property and anticipates completing construction of the entire Project not later than forty-eight (48) months after the expiration of the Due Diligence Period, subject to "Uncontrollable Delays" (the definition for which shall include customary force majeure concepts, permit delays of no longer than 180 days and other mutually agreed upon permissible delays in the Development Agreement), as evidenced by delivery of Certificates of Occupancy for each component of the Project.
 - c. Notwithstanding the anticipated schedule reflected in Section 5(a) above, and subject to Uncontrollable Delays, in all events:
 - i. Developer shall complete construction of the office, retail/ commercial components of the Project, including renovation of the Curtis Block, no later than December 31, 2024, as evidenced by a certificate of completion executed by Developer's architect and evidence that such components of the Project have received all applicable City approvals necessary to obtain a Certificate of Occupancy upon completion of any tenant-specific work ("Substantial Completion - Commercial");
 - ii. Developer shall complete construction of the Community Space and structured parking components of the Project no later than December 31, 2024, as evidenced by sufficient completion to make such components ready for public use ("Substantial Completion – Public Components");
 - iii. Developer shall complete construction of the Residential Component no later than December 31, 2025, as evidenced by:
 - (A) Delivery of Certificates of Occupancy for the "for rent" portion of the Residential Component; and
 - (B) For any "for sale" units, sufficient completion to permit the issuance of a Certificate of Occupancy upon installation of appliances and other finishes to be selected by the end purchaser (as applicable "Substantial Completion – Residential").

- d. Developer will submit a detailed timeline and master schedule for Project milestones for the City's review within sixty (60) days after execution of this letter, which timeline will be incorporated into the Development Agreement. Such master schedule may be subject to amendment from time to time as development of the Project progresses, without the City's approval, except where the outside commencement date or outside completion dates as outlined above are changed, in which event Developer shall seek approval of the City not to be unreasonably conditioned, withheld, or delayed.
- e. The parties agree to revisit the outside completion dates set forth above in the event the Development Agreement is not executed by both parties by June 30, 2022.

7. **Costs/Investments.**

- a. **Community Reinvestment Area.** Developer has expressed its intent to participate in the City's Community Reinvestment Area Program whereby a 15-year residential tax abatement is made available for the provision of affordable housing meeting certain requirements defined by Resolution 2019-08.
- b. **Additional Incentives.** Further, Developer has demonstrated to the City that additional incentives will be necessary to close financial gaps in the capital and/or operating costs associated with the Project. These additional incentives include, but are not necessarily limited to, the creation and use of funds from a Tax Increment Financing (TIF) district, NCA, and/or SID. An initial customary sources and uses schedule and proforma ("Financial Analysis"), based upon the conceptual Project site plan (**Exhibit A**), has been provided by the Developer to the City. Based upon a review of the initial Financial Analysis, the City has indicated preliminary support for establishing a TIF District as authorized by 5709.41 of the Ohio Revised Code and providing certain revenues from the TIF for the Project as set forth in the Development Agreement (excluding any for-sale residential components unless otherwise determined by the City). Such support shall be used to offset costs related, but not limited to, right of way and site improvements, structured parking, community spaces, Curtis Block facade preservation, sustainability initiatives, public art, and to pay, reimburse or finance any costs eligible under applicable law approved by the City pursuant to the Development Agreement. Any financial support by the City is conditioned on the Developer demonstrating in the final Financial Analysis a bona fide need and that without such support the Project would not be feasible.
- c. **Non-City Funding.** The City will use good faith efforts to obtain, or cooperate, as applicable, with the Developer's efforts to obtain additional non-City funding sources based on the development program and economic impacts of the Project.
- d. **Environmental Obligations.** The City has made Developer aware and Developer acknowledges there are environmental covenant restrictions and operation and maintenance obligations on the property related to a former dry cleaning use on the property. Upon transfer, the Developer will fully assume any and all responsibility associated with the environmental condition of the property. Notwithstanding anything herein to the contrary, the City will transfer the Project to Developer in its "As-Is, Where-Is" condition, and Developer shall rely solely on its own studies and investigations with respect to the condition and suitability of the Property. Developer shall release and

indemnify the City with regard to all environmental covenants and obligations. The City has obtained a Covenant Not to Sue from the Ohio Environmental Protection Agency for the Property.

- e. **Site Work.** Beyond the current plans to bring the grade of the Property to or near street level, the City is not required to complete any additional site work prior to the transfer of the Property to Developer. The City and the Developer will enter into a separate Memorandum of Understanding (the "Property Improvement MOU") regarding terms and conditions of the improvement of the Property to Developer mutually satisfactory to the City and the Developer and consistent with the terms hereof.
- f. **Closing Costs.** Developer shall be responsible for closing costs including, without limitation, costs related to the title commitment, title policy, title endorsements and recording fees.
- g. **Reimbursement.** Developer shall reimburse the City, at a minimum, for any third-party consulting fees to review and prepare legal documents and provide analysis of any incentive requests which shall be eligible for reimbursement from TIF revenue as set forth in the Development Agreement. Such reimbursement will be due at closing. Developer will be required to pay customary City building and engineering permit, review and inspections fees. Additional reimbursements shall be negotiated in connection with the preparation of the Development Agreement.
- h. **Items for Return.** Should the two (2) existing submersible pumps and transformer, or any portion thereof, remain following the Property conveyance, upon completion of their use, Developer shall deliver the two (2) existing submersible pumps and the transformer, or any portion thereof, to the City's Waste Water Treatment Plant, 1699 Valley Parkway, Lakewood, Ohio 44107.

8. Community Engagement and Reporting Requirements

- a. Developer acknowledges that community engagement is a critical component of the Project and will cooperate with the City during the planning stages of the Project to gather and incorporate input from the Lakewood community and will specifically engage with property and business owners and organizations in the Downtown Lakewood district, as well as residents on residential streets surrounding the Property.
- b. Developer and the City will agree to a mutually acceptable schedule of status updates and meetings throughout the design and construction of the Project as well as a communication plan to be incorporated into the master schedule.

- 9. Maintenance and Programming.** Developer will maintain the Project in a first-class manner, consistent with the operations and maintenance plan submitted in response to the RFP and other high-quality mixed-use developments in Northeast Ohio, including necessary mulching, grass cutting, pruning, watering, etc., and will comply with an operations and maintenance plan for the Project to be mutually agreed upon by the City and Developer. Post construction storm water and environmental covenants maintenance and inspections will be required.

10. **Security.** The City may, at its discretion, require Developer to install a public safety camera(s) similar to those found throughout the City to monitor public spaces and the public right-of-way both during and following completion of construction.
11. **Use Restrictions.** The Project will be subject to usual and customary use restrictions, including prohibitions against noxious uses, as preliminarily set forth on **Exhibit B** attached hereto and restrictions contained within any applicable environmental covenant. Additional special restrictions may apply to any community-oriented space within the Project.
12. **Project Ownership.** It is anticipated that CASTO and North Pointe Realty will form a business entity (“JV”) that will exist for the sole purpose of developing, constructing, and operating the overall Project and components therein. CASTO and North Pointe Realty (or their affiliates) will retain ultimate ownership of all components with percentages to be determined with exception of (i) transfers of the office component to Roundstone Management, LTD. or an affiliate thereof and (ii) any for sale components (including, but not necessarily limited to, the residential and office portions of the Project) being carved out to allow sales to third parties, subject to the reasonable review and approval of the City. CASTO will act as managing partner of the JV. In addition, as necessary in order to obtain financing for individual building and improvement components within the Project (each, a “Component”), business entities separate from the JV may own Components so long as CASTO and North Pointe Realty are the members/owners and CASTO is the managing partner. CASTO to lead all development activities and maintain residential management (other than Components sold to third parties). North Pointe Realty will manage the office component (other than components sold to third parties). Retail components will be managed by an experienced management company under contract with the JV.
13. **Transfer Restrictions.**
 - a. Unless permitted as detailed earlier in this Term Sheet, Developer will not convey any Component of the Project to a third party for a period of ten (10) years after such component achieves final Substantial Completion, without the City’s written approval, which approval will not be unreasonably withheld, conditioned or delayed provided the assignee:
 - i. Demonstrates significant experience and a successful track-record of managing and operating high quality, large-scale mixed-use projects or, as the case may be, significant experience and a successful track-record of managing and operating the particular Component being conveyed;
 - ii. Assumes in writing all obligations set forth in the preexisting agreements with the City as they relate to the particular Component;
 - iii. Is not a party (or an affiliate) who has been involved in litigation or a material dispute opposite the City;
 - iv. Is not a party (or an affiliate) that has had any contract with the City cancelled as a result of a default by such proposed Assignee (or its affiliates); and
 - v. Is not a party (or an affiliate) who owns commercial real estate or multi-family

property in the City and who has on multiple occasions been subject to any action, including fines and material notices, as a result of building code, zoning or property management violations.

vi. For the avoidance of doubt, the restrictions set forth in this section include transfers of membership interests in Developer that would result in a “change of control” (the definition of which shall be mutually agreed upon in the Development Agreement).

b. The City shall have approval rights over any conveyance of the Project other than the conveyances of for sale units of the Residential Component (whether during or following the first ten (10) years) at any time during which any incentive is active at the Project.

14. Financing.

a. Except as otherwise expressly provided herein, Developer will be solely responsible for funding development of the Project, whether through equity, conventional financing or otherwise, and Developer will provide a Financial Analysis for the Project, in a form reasonably satisfactory to the City.

b. The City Ordinances require, and Developer shall provide, a completion guaranty for any public infrastructure.

15. City Repurchase Right. In addition to other remedies to be more particularly described in the Development Agreement, if Developer defaults in its obligations under the Development Agreement prior to completion of construction of any Component of the Project (as evidenced by a Certificate of Occupancy for such component) and fails to cure such default within any applicable notice or cure period, the City will have the option to repurchase that Component under terms and conditions to be mutually agreed upon in the Development Agreement.

16. MBE/FBE/SBE Goals. Developer will use commercially reasonable efforts to meet the Minority Business Enterprise (MBE), Female Business Enterprise (FBE), and Small Business Enterprise (SBE) goals mutually agreed upon by the City and Developer and included in the Development Agreement.

17. Building Trades. Developer recognizes the value of including building trades in the Project, and in consideration of the City making available financial incentives, will enter into a Project Labor Agreement with the Cleveland Building & Construction Trades Council for the applicable components of the Project prior to issuance of any building permits. **Prevailing Wage Requirements.** The City mandates certain prevailing wage requirements for construction with regard to any improvements to be reimbursed from funds collected from a TIF District, NCA or SID, and such requirements will be further addressed in the Development Agreement.

19. Audit Rights. The City shall have the right to audit, at the City’s cost, Developer’s books and records relating to the financing and development of the Project not more than once per year until Certificate(s) of Occupancy are awarded for all Components.

20. **Inspection Rights.** The City reserves the right to conduct third-party inspections for any portion of the Project.
21. **Miscellaneous.** The parties acknowledge and agree that the Project scope, Components, and tenant mix may be adjusted following the execution of this Term Sheet based upon such underwriting and analysis and the mutual determination of the City and Developer that the anticipated scope, certain components of the Project, and/or the tenant mix may not be economically feasible as initially envisioned.
- b. Developer shall be responsible for its legal fees, its due diligence costs, the costs for any studies or reports ordered by Developer and any permit or approval fees required in connection with the Project.
 - c. Except as set forth above or in the Development Agreement, the sharing of costs associated with the Project shall require the mutual agreement of the parties.
 - d. Developer will require that its general contractor and all subcontractors make all required local income tax payments due in connection with the construction of the Project.
 - e. Both parties acknowledge and agree that this letter is not a legally binding instrument and that additional material terms must be negotiated before a legally binding agreement is reached. The potential transaction reflected in this letter is specifically conditioned upon:
 - i. The preparation, negotiation and execution of a mutually acceptable Development Agreement, and
 - ii. The approval of City Council of the Development Agreement.
 - f. Neither party hereto will have any obligation or liability to the other whatsoever at law or in equity (including any claims for detrimental reliance, partial performance, good faith or promissory estoppel or other similar types of claims) unless and until such time as both parties will have executed and delivered a formal Development Agreement.
 - g. Notwithstanding anything herein to the contrary, this Term Sheet supersedes all other conflicting verbal understandings or agreements or language set forth in the herein. The parties acknowledge a desire to complete negotiation of a mutually acceptable Development Agreement within 180 days after execution of this Term Sheet and each party shall work expeditiously to complete negotiations within that time period.

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Once fully executed, requests for an extension of or modification to this Term Sheet by either party must be made in writing. Should you have any questions regarding this Term Sheet please contact Shawn Leininger, AICP, Director of Planning & Development, directly at (216) 529-6635 or by email at shawn.leininger@lakewoodoh.net.

Again, thank you for your commitment to and partnership with the City of Lakewood.

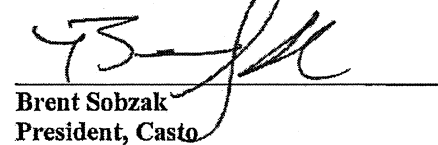
Sincerely,

 3/25/22

Meghan F. George
Mayor

Please sign and return a copy of this Term Sheet within thirty (30) calendar days of its issuance and retain an executed copy for your records.

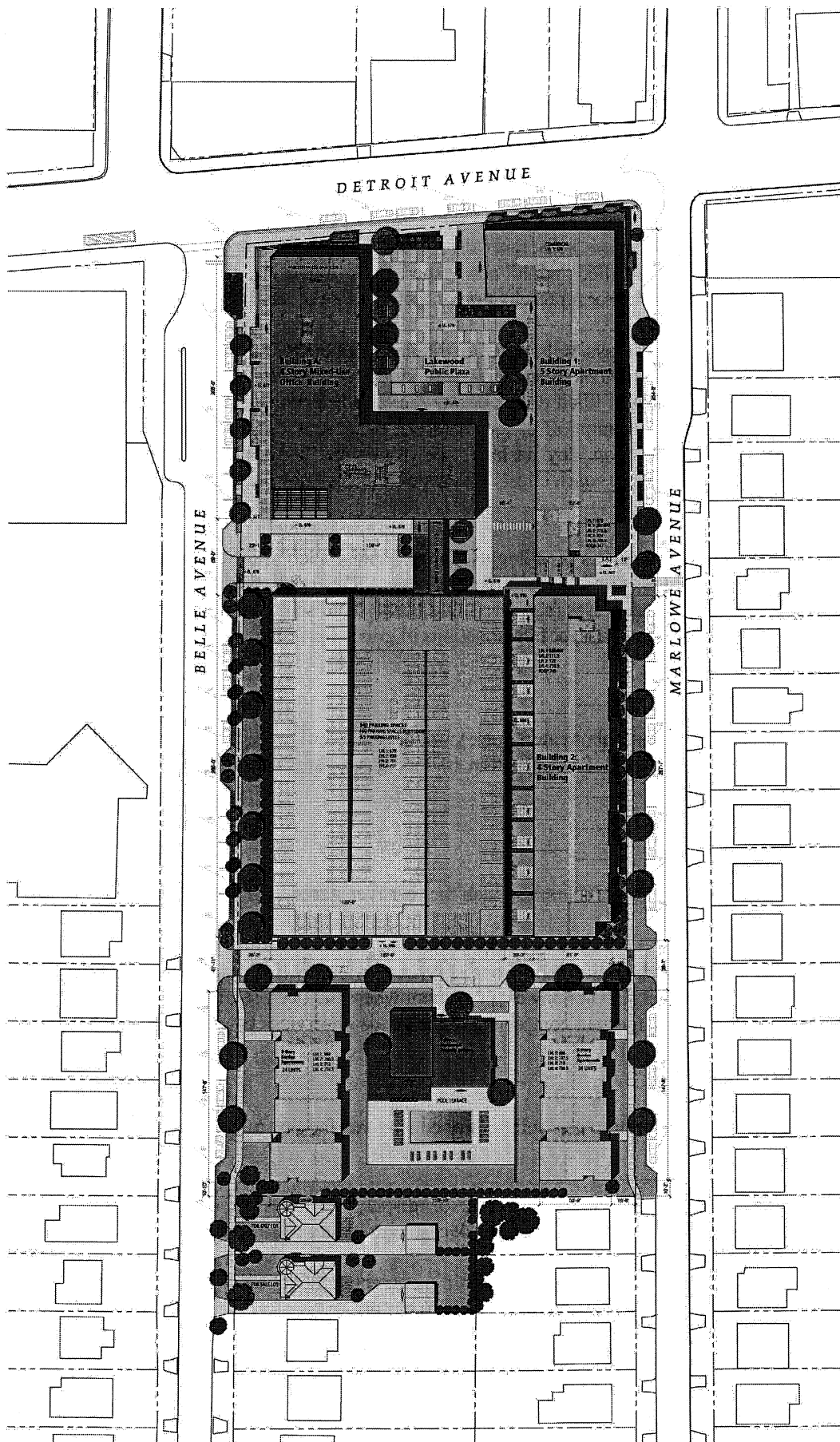
I have read and reviewed all information contained herein and understand all terms and conditions accept this Term Sheet.


Brent Sobzak
President, Casto

3/24/22
Date

Exhibit A
Site Plan

[see attached]



Site Summary		
Building A: Mixed Use Commercial Building		79,578 Total GSF
Retail Space (B1-1)		12,000 GSF
Office Lease Space (B1-2-4)		65,504 GSF
Building 1: Mixed Use Residential Building	80 Units	90,400 Total GSF
Commercial Space (B1-1)		17,400 GSF
Residential Apartments (B1-2-3)		73,000 GSF
Building 2: 4 Story Apartment Building	76 Units	62,400 GSF
Residential Apartments (B1-1-4)		62,400 GSF
Garden Apartments (Residential Apartments)	48 Units	45,600 GSF
Parking Garage: 3-1/2 Story	540 Spaces	172,500 GSF
For Sale Single Family Lots:	2 (0.2 Acres / lot)	
Site Parking Summary		
Structured Garage Parking:		540 Spaces
Street Parking:		50 Spaces
Total Parking Spaces:		590 Spaces

Exhibit B
Prohibited Uses

1. Any establishment which stocks, displays, sells, rents, distributes, or offers for sale or rent any x-rated, pornographic, lewd, obscene or so-called "adult" newspaper, book, magazine, film, picture, video tape, video disc, material or other similar representation or merchandise of any kind.
2. Any establishment which stocks, displays, sells, rents, distributes, or offers for sale or rent any tobacco products (including but not limited to hookah or "vaping" products) or paraphernalia commonly used in the use or ingestion of marijuana or illicit drugs; or any merchandise or material commonly used or intended for use with or in consumption of any narcotic, dangerous drug or other controlled substance, including without limitation, any hashish pipe, waterpipe, bong, pipe screens, rolling papers, rolling devices, coke spoons or roach clips. This restriction shall not prohibit the inclusion of a medical marijuana dispensary.
3. Any "second-hand" store whose business is selling used merchandise such as thrift shops, salvation army type stores, "goodwill" type stores, and similar businesses. This restriction shall not prohibit regional or national brand name businesses (e.g. Gap's Old Navy) from selling quality used clothing and related merchandise which do not accept free donations of goods for resale.
4. Any slaughterhouse.
5. Any mobile home park, trailer court, labor camp, junk yard, or stock yard (except that this provision shall not prohibit the temporary use of construction trailers during any periods of construction, reconstruction or maintenance).
6. Any car wash.
7. Any business selling gasoline or diesel fuel unless such fuel is never stored, maintained, or delivered on site.
8. Any "adult" entertainment or any operation selling or displaying any nudity (including but not limited to partially clothed dancers or wait staff) or any establishment where the overt sexual allure of naked or scantily dressed persons is an important component of the goods or services being offered.
9. Any bathhouse.
10. Any church, school, day care center or related religious or educational facility, religious reading room or place of religious worship.
11. Any establishment providing the sale, distribution, or display of items for pawn loans, or establishments that offer payday loans, title loans, check cashing services or similar establishments.
12. Any establishment conducting games of chance or permitting gambling of any kind, including but not limited to, an off-track sports betting establishment or bingo parlor.
13. Any fire, going out of business, relocation, bankruptcy or similar sales (unless pursuant to court order).

14. Any central laundry, dry cleaning plant, or laundromat; provided, however, this restriction shall not apply to any dry cleaning facility providing on-site service oriented to pickup and delivery by the ultimate consumer, including, nominal supporting facilities.
15. Any operation for the sale, distribution, or display of firearms or ammunition.
16. Any funeral home, crematorium or mortuary.
17. Any operation whose principal use is a massage parlor; provided this shall not prohibit massages in connection with a beauty salon or health club or athletic facility or regional/national brand name massage service providers not exceeding 5,000 square feet.
18. Any recycling facility or stockyard.
19. Any carnivals, fairs or auctions.
20. Any tattoo parlor or similar establishment.
21. Any industrial, factory or manufacturing warehouse operation (excluding any warehousing incidental to the operation of permitted retail uses).
22. Any dumping, disposing, incinerating, or reducing of garbage (exclusive of dumpsters for the temporary storage of garbage and any garbage compactors, in each case which are regularly emptied so as to minimize offensive odors) or other garbage or scrap dump or processing operating.
23. Any "self-storage" or "mini storage" units.
24. A State liquor or packaged beverage store, except incidental to a supermarket, restaurant, prepared food shop, or cafe; provided, however, a high-end wine store that includes ancillary liquor sales shall be permitted.
25. A business or use that creates strong, unusual or offensive odors, fumes, dust or vapors, except for restaurants with adequate venting and odor-control facilities, or creates unusual fire, explosives or other hazards.
26. Fast food restaurants.
27. Establishment selling cars (new or used), trailers, mobile homes, motorcycles, motor vehicles, boats.
28. Drive-throughs.
29. Standalone ATM.

Council Communication Regarding Resolution 2022-14

May 2, 2022

Lakewood City Council and Mayor

RE: Lakewood City Council ("Council") Committee of the Whole Suggestions & Comments Regarding Resolution No. 2022-14 ("Resolution") Authorizing the Negotiation of a Development Agreement Based on the Executed Term Sheet with CASTO and North Pointe Realty ("Developer") for Downtown Development ("Development")

Council's Committee of the Whole met five (5) times over during the month of April to consider the Resolution and review and provide feedback on the Term Sheet and Development proposal. Council considered the following:

1. Correspondence from Mayor George, Council President O'Malley, and Director Leininger Summarizing the Term Sheet;
2. Executive Summary of the Term Sheet;
3. Resolution 2022-14;
4. The Term Sheet (which included a preliminary site plan and prohibited uses for the property);
5. Conceptual Elevations;
6. Letter of Understanding Between City of Lakewood and Roundstone Insurance;
7. Community Development Objectives;
8. Market Analysis Summary Comparison Chart; and
9. The Downtown Development Advisory Panel's ("Panel") Summary Comments.

Through the Committee of the Whole Meetings, the Developer and Administration presented voluminous information regarding the Development and took feedback from both Council and the public.

The purpose of this communication is to express, as succinctly as possible, Council's priorities, desired outcomes, and consolidated commentary regarding the Development as the Administration works towards the Development Agreement. It is Council's intention that the attached document be fully considered throughout the negotiation of the Development Agreement that is intended to be brought to Council for approval later this year.

Council sees the adoption of the Resolution, with the attached document included as an Addendum, as the start of the process for the Development and applauds the Administration for what clearly has taken significant effort and time. We are all fortunate, and humbled, to have the opportunity to help craft an important piece of the built environment in Lakewood's Downtown for generations to come. We only have one chance to get this right, so Council has been as thorough and thoughtful as possible in our review.

In our municipal government, it is the Administration's role to negotiate the Development Agreement, and Council's role to approve or reject that which is negotiated. Council intends the

Council Communication Regarding Resolution 2022-14

Resolution and Addendum as a formal mechanism to provide feedback to help the Administration understand what would ensure a successful passage of the legislation associated with the Development Agreement.

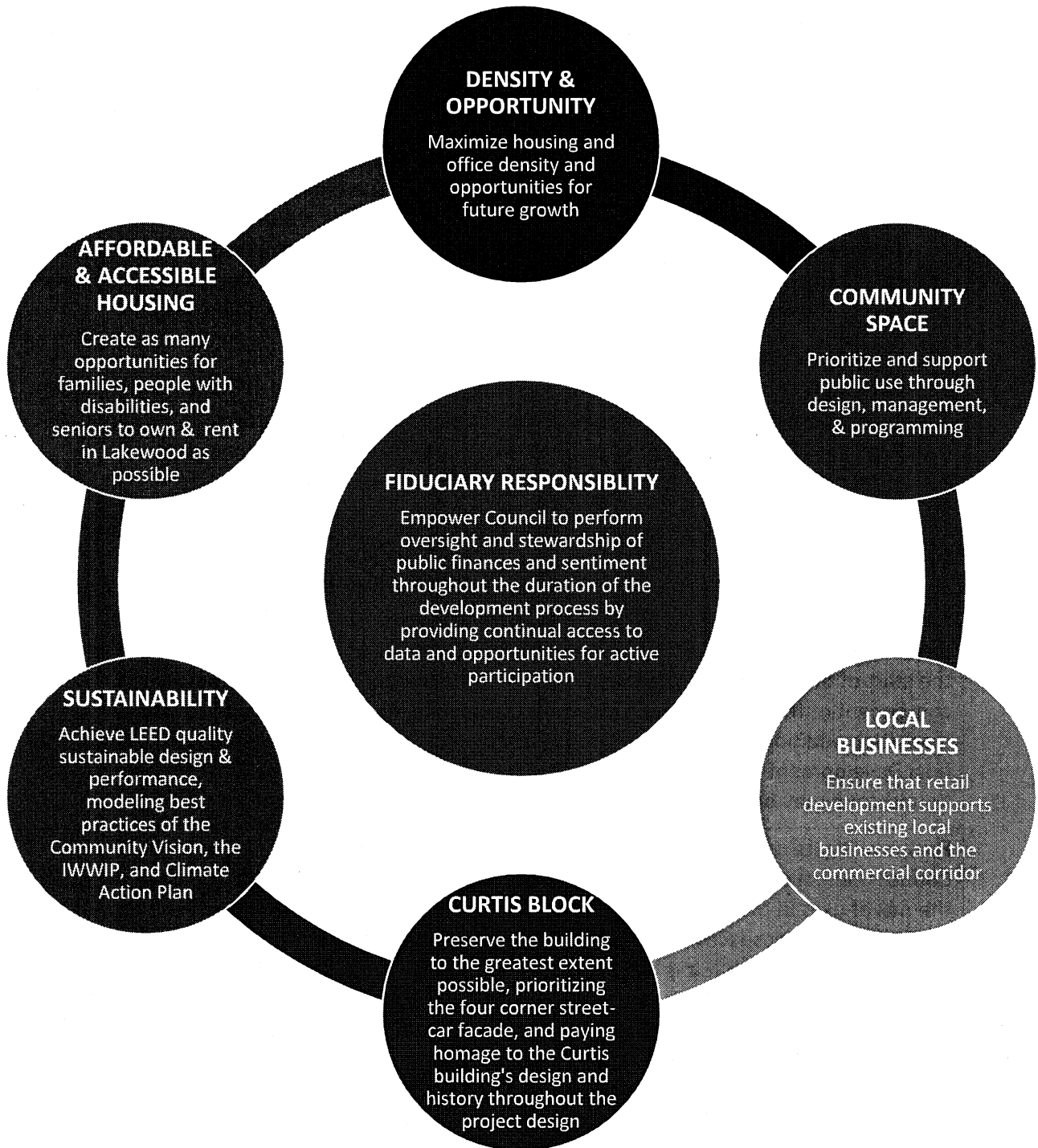
While the meeting minutes, documents, and communications, and video recording of the Committee of the Whole meetings entered into the record encapsulate Council's collective comments and suggestions on the Development, the following is a summary of Council's stated priorities and feedback regarding our expectations for a successful Development Agreement.

On many occasions over the last month the Administration has stated that we are at the beginning of the process for the Development Agreement and the Development. It is in that spirit that Council provides the attached Council priority document. The Administration has proposed a quick, but achievable, timeframe for potential approval. However, in order to create efficiencies, stay on the proposed timeline, and ensure that the Development be successful for Lakewood, we expect that our priorities as outlined in the Addendum will be attached to Resolution No. 2022-14 and be fully considered throughout negotiations creating the Development Agreement.

Respectfully,

Lakewood City Council

Council Downtown Development Priorities



DENSITY & OPPORTUNITY

Maximize housing & office density and opportunities for future growth

Increase Residential Density

The 2017 Lakewood Hospital Redevelopment Analysis (“Market Study”) indicated that between 116-348 residential units could be absorbed in the Lakewood market. The Development proposal has approximately 204 residential units. Council seeks an increase. Some options include adding more stories to the residential component, adding height to the amenities building, or adding density on the southern part of the Development as well as a for-sale component to offer a mix of housing products, such as accessible condos.

Reassess Market Conditions

The 2017 Market Study may be outdated and potentially shows less demand than is present in Lakewood’s current housing market. Council would like the Administration to consider updating the 2017 Market Study prior to the final Development Agreement.

Increase Office Density

The 2017 Market Study showed a net demand for office space at 73,530 square feet and the Development currently has 65,500 square feet. Council would like to explore more opportunities for office space, including adding another floor to the office building. Recent market and media reports have shown a desire for Class A office space in mixed-use environments¹. Roundstone has already indicated that its office needs have expanded since the start of the process and the Developer is not taking on much risk on the office component of the Development. Council strongly suggests that Developer consider marketing additional office space (in the range of 10,000 to 20,000 square feet) prior to the final Development Agreement to generate interest and gauge feasibility. Moreover, Roundstone may be willing to take on more space if their growth pattern continues.

Fully investigate opportunities for future growth

Council understands the need for approximately 540 spaces in the parking garage to support the mix of uses in the Development as well as the legal obligation to provide the Cleveland Clinic with parking spaces. However, Council urges the Administration to be thoughtful about the garage ensuring that it is designed and built to be adapted in the future (EV charging, autonomous vehicle parking, potential conversion to office, apartment, hospitality, or retail use), up to and including the potential for Lakewood to invest in a parking garage structure that would support future development vertically above the parking garage with Lakewood retaining the air rights for future development. The current market conditions do not support more density above the garage, but Council urges the Administration to be thoughtful about future opportunities to bring a mix of uses to Lakewood’s market as this is a once in a generation opportunity.

¹ See, e.g., “Office market trending toward smaller, high-quality spaces as challenges remain.” Bullard, Stan. *Crain’s Cleveland Business* (April 30, 2022) (noting that “[c]ompanies across all U.S. markets, mainly as companies try to figure out how to attract their employees back to the office, we are seeing more companies leaning towards Class A (prime) properties and mixed-use environments...”)

AFFORDABLE & ACCESSIBLE HOUSING

Create as many opportunities for families, people with disabilities, and seniors to own & rent in Lakewood as possible

Incorporate units with three or more bedrooms

At the February 28, 2022 joint meeting of Lakewood City Council & Lakewood Board of Education, Lakewood City School District Superintendent Niedzwiecki communicated that an enrollment study will likely show that Lakewood is losing families due to the rising cost of housing. Lakewood celebrates our diversity and welcomes new Americans, people of varying incomes, and young families. The current proposed Development includes only one- and two-bedroom units, which limits the type of family units that will seek housing here. Council seeks to provide attainable housing for families needing 3 or more bedrooms.

Employ universal design (ADA Accessibility) in as many units as possible

Universal Design is the design and composition of an environment so that it can be assessed, understood and use to the greatest extent possible by all people regardless of their age, size, and ability. In line with the work of the Americans with Disabilities Act ("ADA") Task Force, Council would like the Development to have as many units and elements designed in line with Universal Design as possible, well above the 2% baseline required by ADA. Council would like to aim for 90-100% accessible, or quickly able to transition to accessible, with 50% or more initially accessible.

Ensure that 3+ bedroom and accessible rental units make up a significant portion of the affordable units

Families, seniors, and people with disabilities face more obstacles to acquiring affordable housing that meets their needs in Lakewood than the population as a whole. This is our opportunity to help residents age, grow, and thrive in place.

Provide affordable and accessible ownership opportunities

The Term Sheet indicates that the Development will reflect the Community Vision objectives such as encouraging the "development of a diverse housing stock that meets the needs of all residents including seniors, low/moderate income families, and special needs households," and supporting and creating "affordable housing for a diversity of incomes and lifestyle needs."² Demand for single-family homes in Lakewood currently exceeds supply, which has resulted in sky-rocketing home prices and steep competition for nearly every listing. Buyers seeking homes are looking for ownership opportunities where they can build wealth and put down roots in Lakewood. An equitable solution requires that some of these housing opportunities be available for purchase.

² Lakewood Community Vision <http://vision.onelakewood.com/>

COMMUNITY SPACE

Prioritize and support public use through design, management, & programming

Ensure that the community space is unambiguously guaranteed for predominately public use. Council was encouraged to hear the Developer indicate that their vision of the community space is to be predominately public use. The community space will be one of the most experiential returns on investment for many residents, and their rights to use the space and enjoy quality programming and management must be protected with specific language ensuring predominant public use. Amenities supporting public use such as restrooms, free wifi, and interactive features such as play equipment, a splash pad, an ice rink, or prebuilt stage ought to be documented with a plan for management and maintenance. The Community Vision encourages us to provide “public spaces that are open and inviting with access for all.” (Community Wellness).

Create the community space design and management strategy to support existing community events and needs in collaboration with community partners

The formation of the Community Space should follow the functions performed by and known to partners such as Lakewood Alive, Lakewood Arts Festival, the Lakewood City School District, the Beck Center, Lakewood Library, the Downtown Lakewood Business Alliance, and be informed by the expertise of their leadership teams. The Developer and Administration might consider contracting with an existing, knowledgeable local entity to oversee programming of the Community Space. This would be in alignment with the Community Vision goal to leverage “local and regional cultural assets to direct programming in Lakewood.” (Community Vision- Education and Culture). Council encourages continued dialogue on the best location and design of the Community Space to align with Community Vision success statements as the Planned Development process proceeds with Planning Commission and Architectural Board of Review. Council will need more detail on the design, finishes, ownership, maintenance, and use of the Community Space including drafts of any maintenance agreements, leases, or easements proposed prior to approving the Development Agreement.

Design the Community Space to align with the Community Vision values (Exhibit A)

As noted in the previous section, the Term Sheet indicates that the design of the Development will align with the Community Vision, which lays out a framework for this space to support our community’s values in areas of Economic Development, Housing, Community Wellness, Safety, Mobility, and Education and Culture. The Community Vision success statements are listed by Council Priority as attached Exhibit A. In alignment with these goals, Council envisions incorporating both the design and history of the Curtis building into the public space as well as utilizing local artists for public art installations. Additionally, while Council understands that the initial renderings are not an accurate prediction of the community space design, it is important to recognize that the industrial, non-permeable surface dominated Community Space portrayed would be unwelcome in a Development Agreement. Three stream disposal and other such best practices should be employed in the public spaces as well as units. The Community Space should include free public wifi.

SUSTAINABILITY

Achieve LEED quality sustainable design & performance, modeling best practices of the Community Vision, the IWWIP, and Climate Action Plan

Design and manage the Development to reflect Lakewood's commitment to the environment and sustainability as outlined in the Community Vision (Exhibit A), the Integrated Wet Weather Improvement Plan³, and the soon to be developed Climate Action Plan⁴.

Meet well-established certification standards (bronze or silver LEED equivalent goal) in sustainable design, performance, and energy efficiency.

Incorporate as many as possible of the attributes listed in the Power a Clean Future Ohio report as possible (Attached-Exhibit B)

Council specifically prioritizes best practices in waste, recycling, and composting, high efficacy energy-star rated appliances, and solar or geothermal renewable energy.

LOCAL BUSINESSES

Ensure that retail development supports existing local businesses and the commercial corridor

Ensure continual active usage of commercial units

Include a "no go dark clause" in the Development Agreement that requires the Developer to require their tenants of large ground floor spaces (approx. 3,000 square feet and larger) to not be closed for business for a substantial period of time but under an active lease. If the tenant goes dark, Developer should be required to make best efforts to fill the retail space.

Engage with existing Lakewood small businesses and commit to researching and responding to commercial trends before, during and after the Development

Consulting Lakewood's small business groups such as the Downtown Lakewood Business Alliance, the West End and Uptown Business groups, Lakewood Alive, and the Chamber of Commerce will help inform the Development from inception, prevent undue competition from national brands, and enable the Developer and City to learn from their expertise on the Lakewood market.

The Term Sheet states that 25% of the gross retail and restaurant leasable area shall be local, regional, or state businesses. It is not fully known how this development will impact commercial lease rates and maintenance in other buildings. Council's hope is that this new retail space will encourage other commercial property owners to improve their properties for the small businesses who currently lease them, but Council's concern is that commercial landlords will use the Development to raise rates without corresponding improvements, which could incentivize existing businesses to swap old leases for new and create vacancy shuffles. Continued dialogue and study will be necessary to support current business owners and grow Lakewood's commercial success.

³ Integrated Wet Weather Improvement Plan (IWWIP) <https://www.lakewoodoh.gov/accordions/integrated-wet-weather-improvement-plan-iwwip-phase-one/>

⁴ Climate Action Plan <https://www.lakewoodoh.gov/climateactionplan/>

CURTIS BLOCK

Preserve the building to the greatest extent possible, prioritizing the four corner street-car facade, and paying homage to the Curtis building's design and history throughout the project design

Council wants to preserve the locally historically designated Curtis Block Building to greatest extent possible with an emphasis on preserving four corner street-car design of the corner of Marlowe and Detroit and paying homage to original structure with elements throughout. Council recommends that the Administration and the Developer consult and make best efforts to work with the Lakewood Heritage Advisory Board throughout the process.

FIDUCIARY RESPONSIBILITY

Empower Council to perform oversight and stewardship of public finances and sentiment throughout the duration of the development process by providing continual access to data and opportunities for active participation

Provide regular (monthly or more) formal updates to Council

While the Administration referenced an \$18 million gap in funding the Development, Council requires much more information to understand the financials (including a succinct and easily understandable sources and uses document) and the financial incentives that the Administration is considering seeking approval from Council to grant the Developer for the Development. The Administration's discussion of the Community Reinvestment Act ("CRA") Abatement and Tax Increment Financing ("TIF") have been helpful, but to date have only been conceptual. During the process Council may consult with an independent financial incentives expert to ensure that what is proposed is consistent with the market. That said, in line with Council's desire for increased density (both residential and commercial) and future adaptability (parking garage), Council would be willing to consider strategically investing Lakewood funds (including the Lakewood Hospital Fund) if the return on investment can reasonably be shown. Council looks forward to working with the Administration on this portion of the Development as it will likely be the portion that has the most Council input.

Include Council representation while negotiating the Development Agreement.

In light of the Administration's aggressive timeline, to ensure Council is engaged and updated on the crafting of the Development Agreement, Council would like Council representation dedicated to working with the Administration, the Developer, and the Downtown Development Advisory Panel on the Development Agreement. This approach was used with the previous development plan for the Property. The Council representation will help keep the rest of Council informed of the process and cut down on information gaps between the Administration and Council to ensure the tight proposed timeline can be met. Moreover, Council would like to see the Administration solicit additional input from the Downtown Development Advisory Panel before the Development Agreement is finalized.

Exhibits

Exhibit A-Community Vision Success Statements by Priority

DENSITY & OPPORTUNITY <i>Maximize housing and office density and opportunities for future growth</i>
<ul style="list-style-type: none">• Pursues creative solutions to meet parking demands (Mobility)• Employs smart technology to improve the efficient use of parking (Mobility)
AFFORDABLE & ACCESSIBLE HOUSING <i>Create as many opportunities for families, people with disabilities, and seniors to own & rent in Lakewood as possible</i>
<ul style="list-style-type: none">• Encourages development of a diverse housing stock that meets the needs of all residents including seniors, low/moderate income families, and special needs households (Housing)• Permits new and infill development which is complementary to the scale and character of surrounding residential uses, integrates sustainable practices, and reflects Universal Design principles (Housing)• Employs universal design and complies with ADA in the construction and renovation of public facilities (Mobility)
COMMUNITY SPACE <i>Prioritize and support public use through design, management, & programming</i>
<ul style="list-style-type: none">• Captures and shares local history and celebrates the diversity of cultures among Lakewood Residents (Education and Culture)• Promotes cultural identity in neighborhoods through the design of the built environment (Education & Culture)• Leverages local and regional cultural assets to direct programming in Lakewood (Education & Culture)• Provides great facilities and learning environments that allow access to educational technology and resources including access to computers in schools and libraries (Education & Culture)• Manages stormwater via best practices such as bio-swales, rain gardens pervious pavement, and private downspout and lateral rehabilitation (Economic Development)• Promotes and incentivizes sustainable development practices such as energy efficiency, renewable energy, waste reduction, supply chain management and composting (Economic Development)• Preserves and respects historic context in commercial development (Economic Development)• Plans for and address the impacts of technology on local business (Economic Development)• Provides public spaces that are open and inviting with access for all (Community Wellness)• Balances support for urban agriculture with the realities of a densely populated city (Community Wellness)• Connects residents to information the internet and public services (Community Wellness)• Builds and maintains infrastructure to support active lifestyles (Community Wellness)• Connects residents to healthcare, social-emotional services, education, and health literacy (Community Wellness)• Has strong block clubs and other hyper-local connections which foster neighborhood cohesion and safety• Expands the network of public and private security cameras (Safety)• Maintains public spaces that are beautiful, functional, and safe for all following established best practices (Safety)• Designs roads, parking lots, sidewalks, and all public infrastructure to improve the community's resilience (Safety)• Implements an urban streetscape best practices that include beautiful and functional amenities (Mobility)

Exhibit A-Community Vision Success Statements by Priority

<p>SUSTAINABILITY</p> <p><i>Achieve LEED quality sustainable design & performance, modeling best practices of the Community Vision, the IWWIP, and Climate Action Plan</i></p>
<ul style="list-style-type: none"> • <i>Manages stormwater via best practices such as bio-swales, rain gardens pervious pavement, and private downspout and lateral rehabilitation (Economic Development)</i> • <i>Promotes and incentives sustainable development practices such as energy efficiency, renewable energy, waste reduction, supply chain management and composting (Economic Development)</i> • <i>Prioritizes sustainable practices for new construction and the rehabilitation of existing structures (Housing)</i> • <i>Is home to homeowners who undertake efficiency upgrades such as the installation of new furnaces, adequate insulation, and energy efficient appliances (Housing)</i> • <i>Creates and maintains quality greenspace in each neighborhood (Housing)</i> • <i>Makes transportation decisions that aim to reduce greenhouse gas emissions and promote wellness (Community Wellness)</i> • <i>Expands public greenspace and makes it useful year-round (Community Wellness)</i> • <i>Expands the urban tree canopy responsibly, especially on private property (Community Wellness)</i> • <i>Balances support for urban agriculture with the realities of a densely populated city</i> • <i>Increase the recycling rate and compliance while reducing the prevalence of single use plastics (Community Wellness)</i> • <i>Incentivizes alternative transportation and connections (Mobility)</i> • <i>Lights all streets effectively with non-sleep-disrupting, energy-efficient lights linked by smart technology (Mobility)</i> • <i>Supports smart driving and rideshare (Mobility)</i> • <i>Follows urban streetscape best practices that incentivize alternative transportation and connections citywide (Mobility)</i> • <i>Prepared to accept autonomous and connected vehicle technology (Mobility)</i> • <i>Expands the dedicated bicycle network city-wide (Mobility)</i> • <i>Improves and maintains the existing transportation infrastructure considering universal design, affordability, and environmental impact (Mobility)</i> • <i>Increases tree canopy, particularly on residential streets (Housing)</i> • <i>Has an overall culture which promotes community health and wellness, respects diversity, and embraces environmental stewardship (Community Wellness)</i>
<p>LOCAL BUSINESSES</p> <p><i>Ensure that retail development supports existing local businesses and the commercial corridor</i></p>
<ul style="list-style-type: none"> • <i>Maintains sustained private reinvestment in commercial and residential property (Economic Development)</i> • <i>Promotes and facilitates sharing of information among businesses (Economic Development)</i> • <i>Offers business plan mentoring and support to all business owners (Economic Development)</i> • <i>Informs residents of commercial development news large and small (Economic Development)</i> • <i>Minimizes the impacts of late-night commercial activity through design and enforcement (Economic Development)</i> • <i>Strengthens economic development efforts to increase commercial occupancy (Economic Development)</i>
<p>CURTIS BLOCK</p> <p><i>Preserve the building to the greatest extent possible, prioritizing the four corner street-car facade, and paying homage to the Curtis building's design and history throughout the project design</i></p>
<ul style="list-style-type: none"> • <i>Approves quality design which respects the historic character of residential neighborhoods (Housing)</i> • <i>Recognizes that preservation of structures is important for sustainability (Education & Culture)</i> • <i>Preserves and respects historic context in commercial development projects (Economic Development)</i>

Exhibit B- Power a Clean Future Ohio Sustainability Recommendations



Power A Clean Future Ohio

Sustainable Attributes for Lakewood Development

April 25, 2022

Lakewood aims to be a regional leader in climate action and sustainability. It is critical that city funding, abatements, and/or TIF funding be invested in developments that will assist the community in reaching its sustainability goal. To do this, development must take sustainability considerations into the design, construction, and operations of buildings. Buildings in the US are responsible for 39% of CO2 emissions, 40% of energy consumption, 13% of water consumption, and 15% of GDP per year. Below are the sustainability terms that support the community's sustainability goal.

All Covered Buildings

- **Certification of Sustainable Design and Performance** – Owners find that buildings with strong environmental performance are more attractive to both occupiers and investors. Sustainability credentials are increasingly seen as a standard characteristic of good quality space. Failure, therefore, to meet what are now market norms may have an adverse effect on the time a building takes to let, lease lengths achieved, and the enthusiasm of occupiers to renew. Each building should be designed, constructed, and operated to one of the three certification standards below:
 - **LEED Platinum and Zero Carbon Certification** - The most widely used green building rating system in the world. LEED Platinum requires 80 points earned on the rating scale. LEED Zero Carbon recognizes net zero carbon emissions from energy consumption through carbon emissions avoided or offset over a period of 12 months.
 - **High-performing Buildings Certifications** - Certify in a program that requires Zero Energy performance such as PHIUS+ Source Zero, PHI Plus, PHI Premium, International Living Future Institute's Zero Energy Petal, Zero Carbon Petal, or Living Building Certification.
 - **Energy Star Certified** - Design, construct, and operate to be in the top quartile of energy efficiency for buildings with similar use and size. Third party certification would be required for three of the first five years of operation to ensure high-building performance to be Energy Star Certified.
- **Renewable Energy** – Multi-family buildings carry a significant footprint, which makes it ripe for some form of renewable energy. Whether it is making the roofs solar-ready, utilizing green space for geothermal, or building thermal storage within the stormwater storage tanks, there should be some kind of renewable energy use on-site to lower the carbon footprint and reduce operating energy costs. In order to assist in accomplishing this effort, the office building, multifamily buildings, and parking garage will be solar ready including structure connection points on roof, empty conduits to a mechanical room, and a mechanical room sized 20% larger to accept future equipment.

Exhibit B- Power a Clean Future Ohio Sustainability Recommendations

- **Recycling and Organics recycling** – Developer commits to making space for the commercial kitchen to have separate spaces for waste, material recycling, and organics recycling. For commercial and residential renters, one of the top barriers to recycling is space to collect recycling separate from trash, and space for additional bins at hauler pick up. If the space is not designed in original plans, the cost to make room has been too high for many to take on this additional service in the future. All collection spots within the building and areas outside the building for trash collection must have space for three or more bins: recycling, organics recycling, and waste bins. A waste management plan should be presented during design reviews.

Multifamily Buildings

Developer shared that renters will be accountable for utility fees. This creates the split-incentive problem in which the party expending capital for the build design and construction does not sufficiently benefit from the energy savings during operations and therefore, is not incentive to invest in capital that reduces the energy operations cost. Beyond the green building certification, the below actions can assist in reducing energy use and associated costs to alleviate the energy burden low-income and affordable housing renters face.

- **Energy Star appliances in Multi-Family homes** – Purchase Energy Star appliances where Energy Star options are available for appliance category. For example, there are multiple Energy Star options for mini-fridges, fridges, dishwashers, washers and dryers to install.
- **Pool Efficiency** – Install Energy Star compliant variable speed pool pumps.
- **Affordable Housing Green Building Certification** –Green Communities' Enterprise+ is an alternative green building certification for affordable housing builds which balances design and build costs with performance requirements.

Commercial Buildings

Below are additional steps to take in commercial space. The actions align with Cleveland Clinic's sustainability goals which aims to reduce energy use per square foot by 40% by 2030 (from baseline 2010); diverting 100% of non-hazardous waste from landfill by 2027, and a commitment to green building which includes six Gold level LEED certification buildings.

- **Green Leasing** - Green Leasing program guides landlords and tenants toward mutually beneficial leases and sustained partnerships that may enable larger energy investments that deliver greater energy savings. - Cleveland Case Study and NEO Realty Group showcase how realigning cost structures through a green lease allows both building owners and tenants to save money, conserve resources, and ensure the efficient operation of buildings.
- **Energy Star Appliances in Businesses** – Energy Star appliances are not only needed for apartments, but for businesses on-site. For example, a commercial kitchen uses three times the amount of energy per square foot than most other types of commercial buildings. Through the negotiations with business tenants, it will be critical to identify the appliances that can be Energy Star rated and save the business 10% - 30% in energy expenses over time. For commercial kitchens, at minimum, fridges and dishwashers will need to be Energy Star certified and ventilation hoods will need to be demand controlled. These provide the greatest operational savings and a fast ROI for owners.